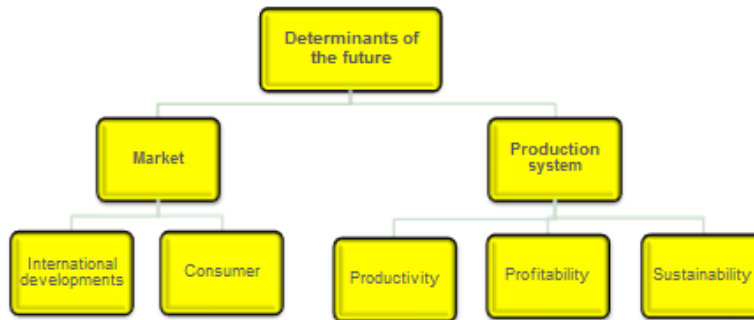


Industry Outlook - dairy products, chicken meat and eggs

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CHALLENGES FOR FOOD PRODUCTION

Food production faces several challenges. The changes in the environment and corresponding challenges that will determine the future are situated in two domains, the market and the production system. In the market domain, international developments such as growth of world population, economic growth and increasing competition can be recognized, next to a changing



consumer behaviour. In the domain of the production system, challenges are faced with regard to productivity, profitability and sustainability. An important factor here is the increasing volatility.

CAUSES VOLATILITY

- €/£ exchange rate
- Climate change => production?
- China & India => demand?
- Energy prices?
- Diseases
- Bio-fuel?
- Speculation?
- CAP Reform? Trade liberalisation
- Consolidated chain members
- ...



RISKS AND MANAGEMENT TOOLS

- | | |
|--|--|
| <ul style="list-style-type: none"> • Low stocks highly match price spikes • Bio-fuels deplete stocks (policy + crude oil) • Climate change => no evidence • Uncertainty ☹ • Risk ☹ • How to manage? | <ul style="list-style-type: none"> • Innovative business models <ul style="list-style-type: none"> ▸ Vertical collaboration: > 2 partners ▸ Horizontal collaboration: ☹ bargaining power • Futures market: hedging
=> Need for new risk management tools!!! • Cost control: lean management |
|--|--|

INTO THE FUTURE

- Market growth
- High food prices
- Volatility ≈
- Replenish stocks
- Risk management
- New business models

